

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

BRIDGE CAPITAL HOLDINGS

Point of Contact:	Thomas A. Sa 408-556-8308	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	115	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	23,865,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	23,865,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 23, 2008	City:	San Jose
Date Repaid ¹ :	3/16/2011	State:	California

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

As intended, the infusion of CPP capital improved the Company's and the Bank's capital ratios and provided additional liquidity which enabled us to continue to seek out and lend to creditworthy customers.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The major type of loans funded during the period of the CPP investment were commercial lines of credit. This credit availability assures capital availability for businesses to expand as the economy gains strength, however, to date, line utilization has been muted.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

During the period of the CPP investment the Bank purchased over \$200 million of securities, a significant portion of which were MBS.

☐ **Make other investments.**

☒ **Increase reserves for non-performing assets.**

The Bank doubled the level of its ALLL while reducing the risk profile of its loan portfolio. Reserve levels remain robust and credit stress from legacy CRE loans has been significantly reduced to immaterial levels..

☒ **Reduce borrowings.**

Wholesale borrowings were eliminated and wholesale deposit funding was reduced to immaterial levels providing strong support to net interest margin and profitability.

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☒ **Increase charge-offs.**

The capital enabled the Bank to accelerate the reduction of risk in the CRE portfolio through appropriate charges to assure marketability of underlying collateral.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The support to capital from the infusion of CPP funds enabled the Bank to remain active in making credit available to its existing and prospective business customers while aggressively addressing problem assets in its' CRE portfolio. In addition, the capital helped to mitigate potential concerns of deposit clients during the periods of highest uncertainty for the industry.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The additional capital enabled the Bank to solicit additional deposits from customers in our market, comfortably exceed capital levels required by federal banking regulators, and use those deposit funds to make loans to creditworthy businesses without taking unnecessary or excessive risk.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.